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# AN INTRODUCTION TO Doing Business in India 2023 for EU Businesses

Special Focus

India-EU Trade and Investment

Key Sector Opportunities  
for EU Businesses



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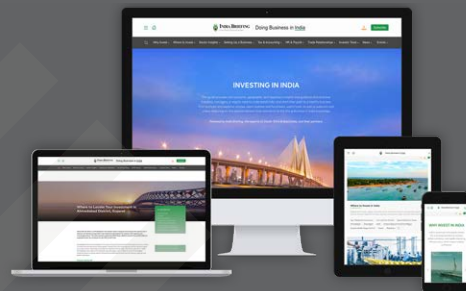
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This edition of Doing Business in India was produced by a team of professionals at Dezan Shira & Associates, with Naina Bhardwaj as Technical Editor and Katherine Cheung Garcia as contributor. Creative design of the guide was provided by Nguyen Hoang Linh and Miguel Enrico Anciano.

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## DEZAN SHIRA & ASSOCIATES

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## About Dezan Shira & Associates

At Dezan Shira & Associates, our mission is to guide foreign companies through Asia's complex regulatory environment and assist them with all aspects of establishing, maintaining and growing their business operations in the region. Since its establishment in 1992, Dezan Shira & Associates has grown into one of Asia's most versatile full-service consultancies with operational offices across China, Hong Kong, India, Singapore, and Vietnam as well as liaison offices in Italy, Germany and the United States, and partner firms across the ASEAN region and in Bangladesh. With over 30 years of on-the-ground experience and a large team of professional advisers, we are your reliable partner in Asia.

# Preface

Namaste and welcome to our guide on Doing Business in India for EU Businesses in 2023!

This special edition highlights the dynamic economic partnership between India and the European Union (EU), which achieved a record bilateral trade of US\$132.09 billion in FY 2023. As India and the EU celebrate 60 years of bilateral relations, both economic partners have the opportunity to leverage their synergies across various sectors.

Further, various geopolitical events have resulted in India and Europe prioritizing stronger ties, creating opportunities for collaboration in digitalization, clean energy, research, manufacturing, FinTech, infrastructure, and education. These partnerships offer great potential, especially for Indian and European SMEs and business alliances.

India's robust growth trajectory, backed by business-friendly reforms, positions it as a key player in shaping the global economy of the 21st century. Despite external headwinds, India has seen an unprecedented rise in M&A activities and has fostered a thriving startup ecosystem with over 100 unicorns. Moreover, infrastructure modernization is top of India's development agenda, covering connectivity projects, integrated industrial townships, and schemes to bolster sector-specific domestic manufacturing capabilities.

European companies are also actively contributing to India's shift towards an innovation-based and sustainability-driven economy. EU investments in India have more than doubled in recent years, with a focus on sectors such as high precision manufacturing, pharmaceuticals, and e-commerce.

As India-EU engagement continues to grow, understanding market dynamics, regulations, and local consumer preferences becomes crucial for European companies striving for success in India. This business guide, created by Dezan Shira & Associates, a specialist firm offering comprehensive business services to multinational investors in emerging Asia, provides valuable assistance to European businesses in formulating their India market strategy.



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# What's New in This Guide?

Doing Business in India 2023 for EU Businesses is designed to introduce the fundamentals of investing in India. Compiled by the professionals at Dezan Shira & Associates in June 2023, this comprehensive guide is ideal not only for European businesses looking to enter the Indian market, but also for companies who already have a presence here and want to keep up to date with the most recent and relevant policy changes.

To be more specific, the below changes are noticeable for your attention:

**Why India:** Despite headwinds challenging the global economy, 2022 has been a year of opportunities and positive developments for businesses in India, which posted an estimated 8.7 percent growth in financial year 2021-22 (FY 2022) and projected to reach 7.2 percent in FY 2023. In the last two-three years, multiple investor-friendly schemes have been rolled out like the production linked incentive (PLI) schemes, National Monetization Pipeline, etc.

This chapter addition in the 2023 Doing Business Guide will provide a comprehensive summary of all the factors that make India an attractive investment destination for foreign stakeholders and opportunities in target sectors like automotives, manufacturing, information technology and services (ITES), e-mobility and renewables, etc.


**India's Trade Scenario: Policy and Procedures:** This chapter offers valuable insights into the latest foreign trade policy, export-import procedures, and the government's initiatives aimed at promoting trade facilitation.

**Bilateral Relations between India and the European Union (EU):** India and the EU share a vibrant Strategic Partnership that is growing rapidly. This partnership spans politics, strategic affairs, trade, commerce, climate and sustainability, digital technology, and people-to-people connections. By understanding the evolving dynamics and leveraging their strengths, EU companies can establish a strong presence in India's dynamic market and contribute to the flourishing EU-India partnership.

This chapter examines trade and investment patterns in the India-EU bilateral relationship, as well as identifies sectors with potential for mutual benefits from economic synergies.

**Setting Up a Business in India:** This chapter has been updated to list the critical policies and processes relevant for establishing a corporate presence in India. It highlights various investment vehicles through which foreign investors can do business in the country.

**Mergers and Acquisitions in India:** Defying global downward trends, India registered a record surge in dealmaking activity in the first three quarters of 2022. This trend is likely to further propel in 2023 on the back of factors like growth in big tech, buoyant cash reserves, increasing FDI inflows, and an enabling regulatory regime. This chapter addition provides an overview of India's M&A regulatory landscape and key processes involved in executing a successful deal.



**Taxation in India:** In recent years, India has taken concerted efforts to streamline, simplify, and automate its taxation regime to increase predictability and fairness. Resultingly, India's ease of doing business has considerably improved. This chapter provides an updated overview of taxation in India, highlighting key tax rates and incentives available for businesses.

**Transfer Pricing in India:** Entities doing business in India that conduct international transactions are required to ensure their accounting practices and tax assessment includes compliance with transfer pricing regulations. This chapter addition provides a brief overview of regulatory framework governing transfer pricing in India.

**Financial Reporting and Audit Requirements:** This chapter addition provides a brief summary of financial reporting and audit requirements in India.

**Human Resources and Payroll in India:** This chapter has been updated with a summary of the latest technology trends likely to dominate the HR sector in India in 2023. Additionally, it provides an outline of regulatory provisions governing human resources in India, including the labor codes (likely to be implemented in 2023), minimum wage, working hours policy, etc.

# Dezan Shira & Associates India

Dezan Shira & Associates expanded into India in 2007, opening offices in Mumbai and later New Delhi in 2008. The launch of Dezan Shira's India offices was coupled with the launch of India Briefing, which is now a premier source of business and regulatory intelligence related to the Indian market. In 2021, a third office was opened in Bengaluru (formerly Bangalore).

Our services in India include corporate establishment, business advisory, tax advisory and compliance, accounting, payroll, due diligence, and financial review. Dezan Shira & Associates' experienced business professionals in India are committed to improving your understanding of investing and operating in emerging Asian markets.

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